

GUTHRIE COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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GUTHRIE COUNTY

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2011)		
Jerome Caraher	Board of Supervisors	Jan. 2013
Mike Dickson	Board of Supervisors	Jan. 2013
Larry Laughery	Board of Supervisors	Jan. 2011
Jim Peterson	Board of Supervisors	Jan. 2011
Kevin Wirt	Board of Supervisors	Jan. 2011
Jerri Christman	County Auditor	Jan. 2013
Marcia Kindred	County Treasurer	Jan. 2011
Jacki Sloss	County Recorder	Jan. 2011
Marty Arganbright	County Sheriff	Jan. 2013
Mary Benton	County Attorney	Jan. 2011
Barry Stetzel	County Assessor (Resigned December 2010)	
(After January 2011)		
Jerome Caraher	Board of Supervisors	Jan. 2013
Mike Dickson	Board of Supervisors	Jan. 2013
Tom Rutledge	Board of Supervisors	Jan. 2015
Clifford Carney	Board of Supervisors	Jan. 2015
Everett Grasty	Board of Supervisors	Jan. 2015
Jerri Christman	County Auditor	Jan. 2013
Marcia Kindred	County Treasurer	Jan. 2015
Jacki Sloss	County Recorder	Jan. 2015
Marty Arganbright	County Sheriff	Jan. 2013
Mary Benton	County Attorney	Jan. 2015
Forrest Pearson	County Assessor (Appointed January 2011)	Jan. 2016

INDEPENDENT AUDITOR'S REPORT

To the Officials of Guthrie County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Guthrie County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Guthrie County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Guthrie County at June 30, 2011 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report March 16, 2012 on our consideration of Guthrie County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 56 through 60 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Guthrie County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the year ended June 30, 2005 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of County management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
March 16, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Guthrie County provides this Management Discussion and Analysis of its fiscal year end June 30, 2011 financial statements. This analysis is to be read in conjunction with the County's audited financial statements.

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

Government-Wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Guthrie County as a whole and present an overall view of the County's finances.

Governmental Fund Financial Statements tell how the governmental services were financed in the short term as well as what remains for future spending. Fund Financial Statements report the County's operations in more detail than the Government-Wide Financial Statements by showing more detailed information by fund. There are also financial statements relating to the County's Proprietary Fund which is an internal service fund for the employee group health insurance.

Notes to Financial Statements provide additional information essential to fully understand the data provided in the Basic Financial Statements.

Required Supplementary Information includes Budgetary Comparison Schedules and Notes to Required Supplementary Information. This information supports the basic financial statements and gives comparative information between actual and budgeted amounts.

Other Supplementary Information provides detailed information about Nonmajor Governmental Funds and Agency Funds.

The annual financial statements end with the Independent Auditor's Reports and the Schedule of Findings and Questioned Costs.

DESCRIPTION OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements:

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of

accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, and interest on long-term debt. General revenues are also shown with property taxes making up 84.88% of the total general revenues.

Fund Financial Statements:

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, and 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and other nonmajor Special Revenue Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
2. A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.
3. Fiduciary funds are used to report assets held in a trust or agency capacity for others

which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for townships, schools or the County Assessor for example. The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets can serve over time as a useful indicator of the financial position of the County. See Net Assets for Guthrie County in Table 1 below:

Table 1: Net Assets of Governmental Activities

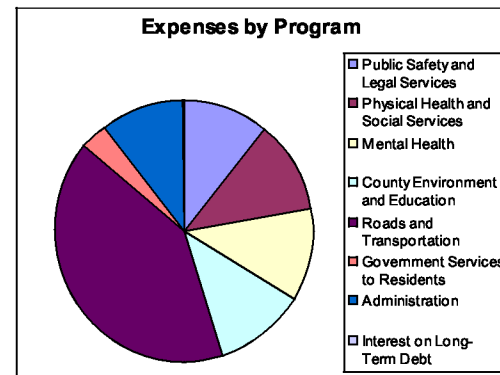
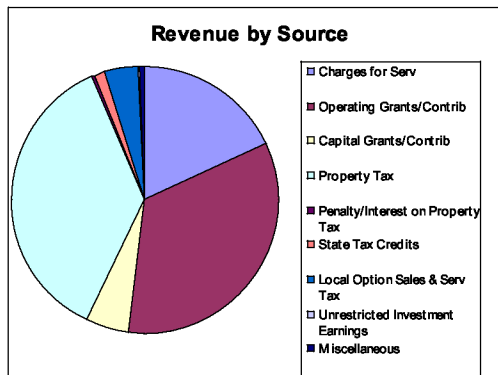
	June 30,	
	2011	2010
Current and Other Assets	\$10,833,702	\$10,643,253
Capital Assets, Net of Accumulated Depreciation	12,968,181	12,384,784
Total Assets	23,801,883	23,028,037
Long-Term Liabilities	1,100,012	1,432,102
Other Liabilities	4,727,539	5,218,027
Total Liabilities	5,827,551	6,650,129
Net Assets:		
Invested in Capital Assets, Net of Related Debt	12,487,839	11,501,884
Restricted	4,208,475	3,638,326
Unrestricted	1,278,018	1,237,698
Total Net Assets	\$17,974,332	\$16,377,908

Total Net Assets increased 9.75% or \$1,596,424 from 2010 to 2011. The largest portion of the County's Net Assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less related debt. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased \$40,320 from 2010 to 2011, an increase of 3.26%. For a summary of capital assets activity for 2011 please see Note 4 in the Notes to Financial Statements.

Table 2 shows the Changes (Revenues and Expenses) in Net Assets. The two pie graphs following the table depict the Revenues and Expenses for 2011 by category.

Table 2: Changes in Net Assets of Governmental Activities

	June 30, 2011	2010
Revenues:		
Program Revenues:		
Charges for Services	\$2,101,906	\$1,809,094
Operating Grants, Contributions, and Restricted Interest	3,823,983	3,710,170
Capital Grants, Contributions, and Restricted Interest	624,406	1,628,984
General Revenues:		
Property Tax	4,189,496	3,414,193
Penalty and Interest on Property Tax	55,546	51,522
State Tax Credits	137,566	129,760
Local Option Sales and Service Tax	447,849	448,510
Unrestricted Investment Earnings	46,314	115,408
Miscellaneous	58,855	101,083
Total Revenues	11,485,921	11,408,724
Program Expenses:		
Public Safety and Legal Services	1,064,532	1,138,280
Physical Health and Social Services	1,132,964	1,189,176
Mental Health	1,135,955	969,283
County Environment and Education	1,132,011	1,061,719
Roads and Transportation	4,051,929	4,243,488
Government Services to Residents	331,158	380,174
Administration & Non-Program	1,000,214	1,270,865
Interest on Long-Term Debt	40,734	62,262
Total Expenses	9,889,497	10,315,247
Change in Net Assets	1,596,424	1,093,477
Net Assets Beginning of Year	16,377,908	15,284,431
Net Assets End of Year	\$17,974,332	\$16,377,908



Guthrie County's Governmental Activities Net Assets increased 9.75% during the year. Total Revenue increased \$77,197 from 2010 or 0.68% with Operating Grants, Contributions and Restricted Interest making up 33.29% of Total Revenue in 2011. Total Expenses decreased by 4.13% or \$425,750 from 2010 with Roads and Transportation making up the largest percentage of Total Expenses at 40.97%, which can also be seen in the above Expenses by Program pie chart.

INDIVIDUAL MAJOR FUND ANALYSIS

As Guthrie County completed the year, its governmental funds reported a combined fund balance of \$5,757,193 an increase of \$905,016 from last year's \$4,852,177. The following are the major reasons for changes in the fund balances of the major funds from the prior year:

- General Fund revenues increased \$335,022 or 8.53% from 2010. The ending fund balance increased \$347,028 to \$1,553,773.
- Mental Health Fund balance at the end of the year was \$424,830, a decrease of \$389,541. Total expenditures were \$1,136,658, up 17.18% from 2010. Revenue for the same period was down \$608,378, or 44.88%.
- Revenue for Rural Services increased \$571,952 and expenditures increased \$67,274. Interfund transfers out to Secondary Roads totaled \$1,285,720, resulting in an ending fund balance of \$520,878.
- Secondary Roads expenditures decreased \$110,401, or 2.33%. Revenues increased 17.37%, or \$605,068. 2011 showed other financing sources from transfers in of \$1,376,170. The ending fund balance was \$2,696,432, an increase of \$846,257.

BUDGETARY HIGHLIGHTS

Over the course of the year, Guthrie County amended its budget three times. The amendments were made in August 2010, November 2010, and May 2011. The August amendment resulted in offsetting increases in revenues and disbursements of \$444,900. The November amendment resulted in offsetting increases of \$4,000. The May amendment increased revenues by \$363,450 and disbursements by \$319,950.

The County's total receipts were \$402,650 less than the final budget amount. Actual receipts for Intergovernmental were \$520,725 less than the final budgeted amount. Actual receipts for Miscellaneous Revenues were \$170,573 more than budgeted.

Total disbursements were \$1,456,584 less than the amended budget. Capital Projects accounted for \$500,209, or 34.34%, of this amount. Mental Health disbursements were \$281,153 less than budgeted.

The balance at the end of year was \$2,158,065 greater than what had been budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2011, Guthrie County had \$12,968,181 (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, and machinery and equipment. The increase in capital assets as of June 30, 2011 was \$583,397. Please refer to Table 3 below:

Table 3: Net Capital Assets of Governmental Activities at Year End

	June 30, 2011	2010
Land	\$1,314,199	\$1,306,735
Works of Art	127,765	127,765
Construction in Progress	524,233	721,644
Buildings	953,955	1,005,607
Improvements other than Buildings	1,180,645	489,484
Machinery and Equipment	2,879,793	2,971,943
Infrastructure	5,987,591	5,761,606
	<u>\$12,968,181</u>	<u>\$12,384,784</u>

The County had depreciation expense of \$821,371 in fiscal year 2011 and total accumulated depreciation of \$6,670,975 at June 30, 2011. Please see Note 4 to the financial statements for additional information.

Long-Term Liabilities:

At June 30, 2011 Guthrie County had long-term liabilities of \$1,100,012 compared to \$1,432,102 at June 30, 2010. Please see Note 6 in the financial statements for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Guthrie County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various County activities. One of those factors in the economy is the unemployment rate. Guthrie County's unemployment rate in June 2011 was 5.8%, while in June 2010 the rate was 6.4%. Iowa's unemployment rate was 6.0% for the period ending June 2011, while the comparable U.S. rate was 9.3%.

The economic downturn continues to be of concern as the County looks forward.

The threat of rising fuel cost could affect budgets, in particular for the Secondary Roads and Sheriff's departments. The state's budgetary concerns could have an effect on the

County, either directly or indirectly. Also, property tax reform and the proposed changes to the mental health system are issues that the County is watching closely.

For FY10-11 and FY11-12 the Teamsters Local Union No. 238, Secondary Roads Department had one year contracts in place. The contracts included 2.0% and 0.0% raises, respectively, with the union keeping richer health insurance benefits in FY11-12 in lieu of an increase.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Guthrie County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Guthrie County Auditor's Office, 200 North 5th Street, Guthrie Center, IA 50115.

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Basic Financial Statements

GUTHRIE COUNTY
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments:	
County Treasurer	\$ 4,359,145
Held by component unit treasurers	431,651
Other County officials	50
Receivables:	
Property tax:	
Delinquent	5,868
Succeeding year	4,235,000
Interest and penalty on property tax	70,334
Drainage assessments	14,144
Accounts	37,205
Accrued interest	1,558
Due from other governments	943,881
Inventories	527,794
Prepaid expenses	207,072
Capital assets, net of accumulated depreciation (note 4)	<u>12,968,181</u>
 Total assets	 <u>23,801,883</u>
 Liabilities	
Accounts payable	183,380
Salaries and benefits payable	128,934
Due to other governments (note 5)	177,612
Accrued interest payable	2,613
Deferred revenue:	
Succeeding year property tax	4,235,000
Long-term liabilities (note 6):	
Portion due or payable within one year:	
Revenue bonds	400,000
Drainage district stamped warrants	13,795
Compensated absences	188,030
Portion due or payable after one year:	
Revenue bonds	80,342
Estimated liability for landfill closure and postclosure costs	258,825
Compensated absences	61,020
Net OPEB liability	<u>98,000</u>
 Total liabilities	 <u>5,827,551</u>

GUTHRIE COUNTY
STATEMENT OF NET ASSETS
June 30, 2011

	<u>Governmental Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 12,487,839
Restricted for:	
Supplemental levy purposes	283,091
Mental health purposes	424,513
Rural services purposes	248,392
Secondary roads purposes	2,605,415
Conservation purposes	606,259
Other purposes	40,805
Unrestricted	<u>1,278,018</u>
Total net assets	\$ <u><u>17,974,332</u></u>

See notes to financial statements.

GUTHRIE COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	
Governmental Activities:					
Public safety and legal services	\$ 1,064,532	\$ 86,812	\$ 4,230	\$ -	\$ (973,490)
Physical health and social services	1,132,964	599,646	312,618	-	(220,700)
Mental health	1,135,955	12,246	429,927	-	(693,782)
County environment and education	1,132,011	596,859	78,424	52,265	(404,463)
Roads and transportation	4,051,929	485,436	2,953,749	572,141	(40,603)
Government services to residents	331,158	239,986	3,035	-	(88,137)
Administration	993,146	80,921	42,000	-	(870,225)
Non-program	7,068	-	-	-	(7,068)
Interest on long-term debt	40,734	-	-	-	(40,734)
Total	\$ 9,889,497	\$ 2,101,906	\$ 3,823,983	\$ 624,406	(3,339,202)

General Revenues:

Property and other county tax levied for:	
General purposes	4,189,496
Penalty and interest on property tax	55,546
State tax credits	137,566
Local option sales and services tax	447,849
Unrestricted investment earnings	46,314
Miscellaneous	58,855
Total general revenues	4,935,626
Change in net assets	1,596,424
Net assets beginning of year	16,377,908
Net assets end of year	\$ 17,974,332

See notes to financial statements.

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GUTHRIE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments:				
County Treasurer	\$ 1,348,278	\$ 630,906	\$ 432,657	\$ 1,638,466
Held by component unit treasurers	-	-	-	-
Other County officials	-	-	-	50
Receivables:				
Property tax:				
Delinquent	4,993	609	266	-
Succeeding year	2,559,000	144,000	1,054,000	-
Interest and penalty on property tax	70,334	-	-	-
Drainage assessments	-	-	-	-
Accounts	21,987	-	13,550	1,668
Accrued interest	1,332	-	-	-
Due from other governments	199,130	-	102,692	642,059
Inventories	-	-	-	527,794
Prepaid expenses	118,484	-	5,435	83,153
Total assets	<u>\$ 4,323,538</u>	<u>\$ 775,515</u>	<u>\$ 1,608,600</u>	<u>\$ 2,893,190</u>

<u>Nonmajor</u>	<u>Total</u>
\$ 150,306	\$ 4,200,613
431,651	431,651
-	50
-	5,868
478,000	4,235,000
-	70,334
14,144	14,144
-	37,205
78	1,410
-	943,881
-	527,794
-	207,072
<u>\$ 1,074,179</u>	<u>\$ 10,675,022</u>

GUTHRIE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 29,691	\$ 28,243	\$ 30,080	\$ 70,568
Salaries and benefits payable	53,482	221	3,376	71,855
Due to other governments (note 5)	-	177,612	-	-
Deferred revenue:				
Succeeding year property tax	2,559,000	144,000	1,054,000	-
Other	127,592	609	266	54,335
Total liabilities	<u>2,769,765</u>	<u>350,685</u>	<u>1,087,722</u>	<u>196,758</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	527,794
Prepaid expenses	118,484	-	5,435	83,153
Restricted for:				
Supplemental levy purposes	250,425	-	-	-
Conservation purposes	80,873	-	-	-
Mental health purposes	-	424,830	-	-
Rural services purposes	-	-	505,443	-
Transfer station closure surety	-	-	10,000	-
Secondary roads purposes	-	-	-	2,085,485
Other purposes	-	-	-	-
Assigned for:				
Conservation purposes	28,049	-	-	-
Sheriff	4,292	-	-	-
Wellness/healthy activities	4,036	-	-	-
Unassigned	1,067,614	-	-	-
Total fund balances	<u>1,553,773</u>	<u>424,830</u>	<u>520,878</u>	<u>2,696,432</u>
Total liabilities and fund balances	<u>\$ 4,323,538</u>	<u>\$ 775,515</u>	<u>\$ 1,608,600</u>	<u>\$ 2,893,190</u>

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 20,755	\$ 179,337
-	128,934
-	177,612
478,000	4,235,000
14,144	196,946
<u>512,899</u>	<u>4,917,829</u>
-	527,794
-	207,072
-	250,425
525,386	606,259
-	424,830
-	505,443
-	10,000
-	2,085,485
43,418	43,418
-	28,049
-	4,292
-	4,036
(7,524)	1,060,090
<u>561,280</u>	<u>5,757,193</u>
<u>\$ 1,074,179</u>	<u>\$ 10,675,022</u>

GUTHRIE COUNTY

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balances of governmental funds	\$ 5,757,193
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets is \$19,639,156 and the accumulated depreciation is \$6,670,975.	12,968,181
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	196,946
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	154,637
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(2,613)
Long-term liabilities, including bonds payable, estimated liability for landfill closure and postclosure care costs, drainage district stamped warrants, net OPEB liability, and compensated absences payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(1,100,012)</u>
Net assets of governmental activities	<u>\$ 17,974,332</u>

See notes to financial statements.

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GUTHRIE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other County tax	\$ 2,408,073	\$ 293,848	\$ 1,468,753	\$ -
Interest and penalty on property tax	49,783	-	-	-
Intergovernmental	1,075,018	441,023	142,284	4,024,933
Licenses and permits	37,747	-	-	2,430
Charges for service	446,458	-	48,311	-
Use of money and property	94,613	-	-	1,200
Miscellaneous	149,026	12,246	367,543	60,507
Total revenues	4,260,718	747,117	2,026,891	4,089,070
Expenditures:				
Operating:				
Public safety and legal services	1,042,645	-	-	-
Physical health and social services	1,127,994	-	-	-
Mental health	-	1,136,658	-	-
County environment and education	415,061	-	681,440	-
Roads and transportation	-	-	29,912	3,735,435
Government services to residents	324,640	-	-	-
Administration	905,698	-	-	60,339
Non-program	14,452	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	823,209
Total expenditures	3,830,490	1,136,658	711,352	4,618,983
Excess (deficiency) of revenues over (under) expenditures	430,228	(389,541)	1,315,539	(529,913)
Other financing sources (uses):				
Sale of capital assets	7,250	-	200	-
Interfund transfers in (note 3)	-	-	-	1,376,170
Interfund transfers out (note 3)	(90,450)	-	(1,285,720)	-
Drainage district stamped warrants	-	-	-	-
Total other financing sources (uses)	(83,200)	-	(1,285,520)	1,376,170

	<u>Nonmajor</u>	<u>Total</u>
\$	466,807	\$ 4,637,481
	-	49,783
	13,085	5,696,343
	-	40,177
	3,525	498,294
	18,058	113,871
	64,384	653,706
	<u>565,859</u>	<u>11,689,655</u>
	1,111	1,043,756
	-	1,127,994
	-	1,136,658
	55,475	1,151,976
	-	3,765,347
	6,818	331,458
	-	966,037
	-	14,452
	444,997	444,997
	-	823,209
	<u>508,401</u>	<u>10,805,884</u>
	57,458	883,771
	-	7,450
	-	1,376,170
	-	(1,376,170)
	13,795	13,795
	<u>13,795</u>	<u>21,245</u>

GUTHRIE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Net change in fund balances	\$ 347,028	\$ (389,541)	\$ 30,019	\$ 846,257
Fund balances beginning of year, as restated (note 15)	1,206,745	814,371	490,859	1,850,175
Fund balances end of year	<u>\$ 1,553,773</u>	<u>\$ 424,830</u>	<u>\$ 520,878</u>	<u>\$ 2,696,432</u>

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 71,253	\$ 905,016
<u>490,027</u>	<u>4,852,177</u>
<u>\$ 561,280</u>	<u>\$ 5,757,193</u>

GUTHRIE COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 905,016

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets. The amount of capital outlay
expenditures and depreciation expense in the current year are as follows:

Expenditures for capital assets	\$ 1,266,313	
Capital assets contributed by the Iowa Department of Transportation	138,455	
Depreciation expense	<u>(821,371)</u>	583,397

Because some revenues will not be collected for several months after the
County's year end, they are not considered available revenues and are
deferred in the governmental funds, as follows:

Property tax	(137)	
Other	<u>(351,018)</u>	(351,155)

Proceeds from issuing long-term liabilities provide current financial resources
to governmental funds, but issuing debt increases long-term liabilities in the
Statement of Net Assets and does not affect the Statement of Activities. (13,795)

Repayment of long-term liabilities is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement of
Net Assets. 402,558

Some expenses reported in the Statement of Activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in the governmental funds, as follows:

Estimated liability for landfill closure and postclosure costs	445	
Compensated absences	(7,648)	
Net OPEB liability	(49,470)	
Interest on long-term debt	<u>1,705</u>	(54,968)

GUTHRIE COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

\$ 125,371

Change in net assets of governmental activities

\$ 1,596,424

See notes to financial statements.

GUTHRIE COUNTY
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 June 30, 2011

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 158,532
Receivables:	
Accrued interest	<u>148</u>
Total assets	<u>158,680</u>
Liabilities	
Accounts payable	<u>4,043</u>
Net Assets	
Unrestricted	<u><u>\$ 154,637</u></u>

See notes to financial statements.

GUTHRIE COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2011

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 533,254
Reimbursements from employees	57,766
Stop loss reimbursements	<u>78,460</u>
Total operating revenues	<u>669,480</u>
Operating expenses:	
Medical and prescription claims	347,895
Administrative fees	142,554
Stop loss insurance premiums	50,852
Life insurance premiums	<u>4,324</u>
Total operating expenses	<u>545,625</u>
Operating income	123,855
Non-operating revenues:	
Interest on investments	<u>1,516</u>
Net income	125,371
Net assets beginning of year	<u>29,266</u>
Net assets end of year	<u>\$ 154,637</u>

See notes to financial statements.

GUTHRIE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	<u>Internal Service - Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 533,254
Cash received from employees and others	57,766
Cash received from stop loss reimbursements	340,108
Cash payments for health claims	(771,189)
Cash payments to suppliers for services	(197,730)
Net cash used by operating activities	<u>(37,791)</u>
Cash flows from investing activities:	
Interest on investments	<u>2,270</u>
Net decrease in cash and cash equivalents	(35,521)
Cash and cash equivalents beginning of year	<u>194,053</u>
Cash and cash equivalents end of year	<u>\$ 158,532</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 123,855
Adjustments to reconcile operating income to net cash used by operating activities:	
Decrease in accounts receivable	261,648
(Decrease) in accounts payable	(294,492)
(Decrease) in incurred but not reported claims	<u>(128,802)</u>
Net cash used by operating activities	<u>\$ (37,791)</u>

See notes to financial statements.

GUTHRIE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

Assets	
Cash and pooled investments:	
County Treasurer	\$ 1,021,340
Other County officials	30,400
Receivables:	
Property tax:	
Delinquent	33,939
Succeeding year	16,514,000
Special assessments:	
Delinquent	37,800
Succeeding year	143,658
Drainage assessments	30,166
Accounts	799
Accrued interest	5
Prepaid expenses	<u>10,731</u>
Total assets	<u>\$ 17,822,838</u>
Liabilities	
Accounts payable	\$ 21,879
Salaries and benefits payable	3,648
Due to other governments (note 5)	17,758,654
Trusts payable	34,346
Compensated absences	<u>4,311</u>
Total liabilities	<u>\$ 17,822,838</u>

See notes to financial statements.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies

Guthrie County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Guthrie County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Guthrie County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ten drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Guthrie County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial statements for these districts are reported as an Agency Fund. Financial information of the drainage districts can be obtained from the Guthrie County Auditor's office.

The Prairie Woodland Conservation Foundation (formerly the Guthrie County Conservation Foundation) is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, part of the County. It is reported as a Special Revenue Fund. This Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations are to be used for development and enhancement of environmental education and conservation projects which are not included in the County's budget.

GUTHRIE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The Guthrie County Historical Village Foundation (formerly the Turn of the Century Museum Foundation) is an entity which is legally separate from the County, but is so intertwined with the County that it is, in substance, part of the County. It is reported as a Special Revenue Fund. This Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Guthrie County Conservation Board. These donations are to be used for development and enhancement of museum projects and activities which are not included in the County's budget.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Guthrie County Assessor's Conference Board and Guthrie County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in several jointly governed organizations for which the County is not financially accountable or the nature and significance of the relationship with the County are such that exclusion does not cause the County's financial statements to be misleading or incomplete. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Area XII Alcoholism and Drug Treatment Unit, Community Opportunities, Inc., South Central Youth and Family Services Commission, Area XII Council of Governments, Western Iowa Tourism, South Central Iowa Regional E-911 Service Board and the Guthrie County Regional Airport Authority.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is used to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

GUTHRIE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

The proprietary fund of the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund are charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GUTHRIE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit and drainage district stamped warrants, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

GUTHRIE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent assessments receivable represents assessments which are due and payable but have not been collected. Succeeding year assessments receivable represents remaining assessments which are payable, but not yet due.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Intangibles	\$ 50,000
Infrastructure	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

GUTHRIE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	40-50
Improvements other than buildings	20-50
Infrastructure	30-65
Equipment	2-20
Vehicles	3-10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable, delinquent property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

GUTHRIE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is recorded in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services and Secondary Roads Funds.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements did not exceed the amount budgeted in any County function. However, disbursements in the County care facility department exceeded the amount appropriated.

Note 2. Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the County had investments in Guthrie County drainage district stamped warrants which are valued at a cost of \$13,795.

Credit Risk – The investment in Guthrie County drainage district stamped warrants is unrated.

GUTHRIE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 90,450
	Special Revenue: Rural Services	<u>1,285,720</u>
		<u>\$ 1,376,170</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 4. Capital Assets

A summary of capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,306,735	\$ 7,464	\$ -	\$ 1,314,199
Works of art	127,765	-	-	127,765
Construction in progress	721,644	524,233	721,644	524,233
Total capital assets not being depreciated	2,156,144	531,697	721,644	1,966,197
Capital assets being depreciated:				
Buildings	2,251,446	-	-	2,251,446
Improvements other than buildings	562,868	746,677	-	1,309,545
Machinery and equipment	7,144,747	416,656	257,912	7,303,491
Infrastructure	6,377,095	431,382	-	6,808,477
Total capital assets being depreciated	16,336,156	1,594,715	257,912	17,672,959
Less accumulated depreciation for:				
Buildings	1,245,839	51,652	-	1,297,491
Improvements other than buildings	73,384	55,516	-	128,900
Machinery and equipment	4,172,804	508,806	257,912	4,423,698
Infrastructure	615,489	205,397	-	820,886
Total accumulated depreciation	6,107,516	821,371	257,912	6,670,975
Total capital assets being depreciated, net	10,228,640	773,344	-	11,001,984
Governmental activities capital assets, net	\$ 12,384,784	\$ 1,305,041	\$ 721,644	\$ 12,968,181

GUTHRIE COUNTY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 60,816
Physical health and social services	19,393
County environment and education	118,634
Roads and transportation	578,374
Government services to residents	2,433
Administration	34,653
Nonprogram	<u>7,068</u>

Total depreciation expense - governmental activities	<u><u>\$ 821,371</u></u>
--	--------------------------

Note 5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Revenue:		
Mental Health	Services	\$ <u>177,612</u>
Agency:		
County Assessor	Collections	\$ 742,235
Schools		9,376,121
Area Schools		357,061
Corporations		2,313,393
Townships		2,755,918
Auto License and Use Tax		275,233
County Hospital		1,448,799
All Other		<u>489,894</u>
Total for agency funds		<u><u>\$ 17,758,654</u></u>

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Tax Increment Urban Renewal Revenue Bonds	Estimated Liability for Landfill Closure and Postclosure Costs	Drainage District Stamped Warrants	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 882,900	\$ 259,270	\$ -	\$ 241,402	\$ 48,530	\$ 1,432,102
Increases	-	11,340	13,795	197,514	49,470	272,119
Decreases	402,558	11,785	-	189,866	-	604,209
Balance end of year	<u>\$ 480,342</u>	<u>\$ 258,825</u>	<u>\$ 13,795</u>	<u>\$ 249,050</u>	<u>\$ 98,000</u>	<u>\$ 1,100,012</u>
Due within one year	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 13,795</u>	<u>\$ 188,030</u>	<u>\$ -</u>	<u>\$ 601,825</u>

Tax Increment Urban Renewal Revenue Bonds

The County sold \$1,735,000 of tax increment urban renewal revenue bonds dated November 27, 2001 to provide an economic development incentive to the Tall Corn Ethanol cooperative and for capital improvements in the Tall Corn Ethanol Urban Renewal Area. The County sold an additional \$900,000 of tax increment urban renewal revenue bonds dated June 12, 2003 to provide capital improvements in the Tall Corn Ethanol Urban Renewal Area. The bonds are payable from the income and proceeds from a separate account within the Special Revenue, Tax Increment Financing Fund, and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment revenue bonds shall be expended only for the purposes which are consistent with the plans of the County's urban renewal area. The bonds are not a general obligation of the County. However, the debt is subject to the constitutional debt limitation of the County.

Interest on the bonds shall be adjusted to a rate per annum equal to the yield at "constant maturity" of the five-year U.S. Treasury Notes, plus 90 basis points, on December 1, 2011, December 1, 2016 and December 1, 2021. However, the interest rate may not be more than 2% higher or lower than the preceding rate and the adjusted rate may not exceed 8% per annum or be less than 4% per annum. The current interest rate is 5.48%. On December 1, 2005, and on each June 1 and December 1 as long as any of the principal of the bonds remain outstanding, to the extent there are proceeds remaining in the separate account within the Special Revenue, Tax Increment Financing Fund following each required payment of interest, such proceeds shall be applied to the payment of principal on the bonds. Since the interest rate and annual collections are variable, an amortization schedule is not included. Principal repayments of \$402,558 were made during the year ended June 30, 2011.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 83 active members in the plan.

The medical/prescription drug coverage, which is a partial self-funded medical plan, is administered by Auxiant. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 55,000
Interest on net OPEB obligation	1,200
Adjustment to annual required contribution	<u>6,730</u>
Annual OPEB cost	49,470
Contributions made	<u>-</u>
Increase in net OPEB obligation	49,470
Net OPEB obligation beginning of year	<u>48,530</u>
Net OPEB obligation end of year	<u><u>\$ 98,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 49,470	0%	\$ 98,000

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 7. Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$398,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$398,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,832,000 and the ratio of the UAAL to covered payroll was 14.1%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000, and applied on a 2/3 female, 1/3 male basis.

The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 8. Landfill Closure and Postclosure Care

To comply with federal and state regulations, the County is required to complete a monitoring system plan and a landfill closure/postclosure care plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and the care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirements is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate a landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2011

Note 8. Landfill Closure and Postclosure Care (continued)

Governmental Accounting Standards Board Statement No. 18, effective for periods beginning after June 15, 1993, requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deletion, technology, or applicable laws or regulations.

The total costs for Guthrie County have been estimated at \$258,825 as of June 30, 2011, and that liability has been recognized. The liability represents the cumulative amount reported to date based on the use of 100 percent of the capacity of the landfill. The County has reserved \$460,428 of its debt capacity to cover these costs.

Guthrie County operates a transfer station where the waste is transferred for disposal under a 28E agreement to a local area landfill. The County has restricted \$10,000 in a closure account included in the Special Revenue Fund, Rural Services to cover any possible closure and postclosure care costs for the transfer station.

Note 9. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$246,734, \$241,080 and \$222,741, respectively, equal to the required contributions for each year.

Note 10. Risk Management

Guthrie County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2011

Note 10. Risk Management (continued)

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2011 were \$195,135.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one year period following withdrawal.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2011

Note 10. Risk Management (continued)

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$20,000 (\$50,000 for certain employees), respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11. Employee Health Insurance Plan

The Guthrie County Employee Group Health and Prescription Fund was established to account for the self funding of the County's health insurance and prescription benefit plan. This plan was modified on January 1, 2011 to be a partial self-funded plan only. The plan is funded by both employee and County contributions and is administered through a service agreement with Employee Benefit Systems. The agreement is subject to automatic renewal provisions. The County assumes liability for the difference between the employee deductible (\$750 for single and \$1,500 for family) and the deductible on the policy purchased by the County (\$2,000 for single and \$4,000 for family) for the health plan.

Monthly payments of service fees and plan contributions to the Guthrie County Employee Group Health and Prescription Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Employee Benefit Systems, Inc. from the Guthrie County Employee Group Health and Prescription Fund. The County records the plan assets and any related liabilities of the Guthrie County Employee Group Health and Prescription Fund as an Internal Service Fund. The County's contribution to the fund for both plan types for the year ended June 30, 2011 was \$533,254.

Amounts payable from the Guthrie County Employee Group Health and Prescription Fund at June 30, 2011 total \$4,043, which is for health claims and administrative costs. The County had unrestricted net assets of \$154,637 to cover future claims at June 30, 2011 as net assets of the Employee Group Health and Prescription Fund. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Note 12. Construction Commitment

The County has entered into contracts totaling \$756,827 for bridge construction. As of June 30, 2011, costs of \$524,233 have been incurred against the contracts. The balance remaining at June 30, 2011 of \$232,594 will be paid as work on the projects progresses.

Note 13. Emergency Management Lease Purchase Agreement

On July 15, 2008, the Emergency Management Commission, reported as an Agency Fund in this report, approved a lease purchase agreement for a vehicle. The agreement calls for 16 quarterly payments of \$2,116 to be made through the year ending June 30, 2013, with an interest rate of 5.3%.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2011

Note 13. Emergency Management Lease Purchase Agreement (continued)

Details of the Emergency Management lease purchase agreement are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,102	\$ 245
2013	<u>2,088</u>	<u>28</u>
	<u>\$ 8,190</u>	<u>\$ 273</u>

Note 14. County Care Facility

On July 1, 1999, the County entered into a lease agreement with Country View Estates, Inc. for the management and operation of the Guthrie County Care Facility and farm. The renewable lease, through June 30, 2012, is cancelable upon notice by either party. The County will annually provide certain financial support for the operation of the care facility.

GUTHRIE COUNTY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Balances June 30, 2010 as Previously Reported	Change in Fund Type Classification per Implementation of GASB Statement No. 54	Balances July 1, 2010 as Restated
General Fund	\$ 1,091,717	\$ 115,028	\$ 1,206,745
Nonmajor Special Revenue Funds:			
Flood and Erosion	28,124	(28,124)	-
Conservation Land Acquisition	80,859	(80,859)	-
Canine	906	(906)	-
Work Release Program	1,681	(1,681)	-
Healthy Activities/Wellness	3,458	(3,458)	-
	<u>\$ 1,206,745</u>	<u>\$ -</u>	<u>\$ 1,206,745</u>
Rural Services Fund	\$ 480,859	\$ 10,000	\$ 490,859
Nonmajor Special Revenue Fund:			
Landfill Transfer Station Closure	10,000	(10,000)	-
	<u>\$ 490,859</u>	<u>\$ -</u>	<u>\$ 490,859</u>

Note 16. Subsequent Event

In February 2012, the County approved the future issuance of \$1,210,000 in general obligation E911 bonds for an upgrade to the regional E911 system. Issuance information was unavailable at the time of the audit. The bonds will be a general obligation of the County and will be reimbursed by the regional E911 system unless the funds are unavailable.

Required Supplementary Information

GUTHRIE COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds Required Supplementary Information Year Ended June 30, 2011

	Actual	Less Funds not Required to be Budgeted	Net
RECEIPTS:			
Property and other County tax	\$ 4,605,977	\$ -	\$ 4,605,977
Interest and penalty on property tax	49,783	-	49,783
Intergovernmental	5,188,082	-	5,188,082
Licenses and permits	39,067	-	39,067
Charges for service	513,657	-	513,657
Use of money and property	135,150	17,270	117,880
Miscellaneous	649,709	64,242	585,467
Total receipts	<u>11,181,425</u>	<u>81,512</u>	<u>11,099,913</u>
DISBURSEMENTS:			
Public safety and legal services	1,055,852	-	1,055,852
Physical health and social services	1,128,802	-	1,128,802
Mental health	1,056,362	-	1,056,362
County environment and education	1,343,866	34,720	1,309,146
Roads and transportation	3,811,447	-	3,811,447
Government services to residents	334,561	-	334,561
Administration	961,099	-	961,099
Non-program	14,452	-	14,452
Debt service	444,998	-	444,998
Capital projects	832,791	-	832,791
Total disbursements	<u>10,984,230</u>	<u>34,720</u>	<u>10,949,510</u>
Excess (deficiency) of receipts over (under) disbursements	197,195	46,792	150,403
Other financing sources, net	<u>21,245</u>	<u>13,795</u>	<u>7,450</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	218,440	60,587	157,853
Balance beginning of year	<u>4,413,874</u>	<u>384,295</u>	<u>4,029,579</u>
Balance end of year	<u>\$ 4,632,314</u>	<u>\$ 444,882</u>	<u>\$ 4,187,432</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
\$ 4,590,869	\$ 4,590,869	\$ 15,108
36,200	36,200	13,583
5,050,457	5,708,807	(520,725)
22,600	22,600	16,467
471,558	471,558	42,099
257,635	257,635	(139,755)
410,894	414,894	170,573
10,840,213	11,502,563	(402,650)
1,098,249	1,105,749	49,897
1,263,657	1,278,107	149,305
1,337,515	1,337,515	281,153
1,220,198	1,576,098	266,952
3,701,457	3,926,457	115,010
361,206	361,206	26,645
1,026,962	1,026,962	65,863
-	16,000	1,548
445,000	445,000	2
1,333,000	1,333,000	500,209
11,787,244	12,406,094	1,456,584
(947,031)	(903,531)	1,053,934
250	250	7,200
(946,781)	(903,281)	1,061,134
2,932,648	2,932,648	1,096,931
\$ 1,985,867	\$ 2,029,367	\$ 2,158,065

GUTHRIE COUNTY

Budgetary Comparison Schedule – Budget to GAAP Reconciliation Required Supplementary Information Year Ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 11,181,425	\$ 508,230	\$ 11,689,655
Expenditures	10,984,230	(178,346)	10,805,884
Net	197,195	686,576	883,771
Other financing sources, net	21,245	-	21,245
Beginning fund balances	4,413,874	438,303	4,852,177
Ending fund balances	<u>\$ 4,632,314</u>	<u>\$ 1,124,879</u>	<u>\$ 5,757,193</u>

See accompanying independent auditor's report.

GUTHRIE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, internal service funds, and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$618,850. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted in any County function. However, disbursements in the County care facility department exceeded the amount appropriated.

GUTHRIE COUNTY

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 398	\$ 398	0.0%	\$ 2,944	13.5%
2011	July 1, 2009	-	398	398	0.0%	2,832	14.1%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

GUTHRIE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Attorney Seized Property
Assets				
Cash and pooled investments:				
County Treasurer	\$ 9,504	\$ 13,231	\$ 93,677	\$ 1,293
Held by component unit treasurers	-	-	-	-
Receivables:				
Property tax:				
Succeeding year	-	-	-	-
Drainage assessments	-	14,144	-	-
Accrued interest	4	-	58	-
Total assets	<u>\$ 9,508</u>	<u>\$ 27,375</u>	<u>\$ 93,735</u>	<u>\$ 1,293</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 20,755	\$ -	\$ -
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	14,144	-	-
Total liabilities	<u>-</u>	<u>34,899</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Conservation purposes	-	-	93,735	-
Other purposes	9,508	-	-	1,293
Unassigned	-	(7,524)	-	-
Total fund balances	<u>9,508</u>	<u>(7,524)</u>	<u>93,735</u>	<u>1,293</u>
Total liabilities and fund balances	<u>\$ 9,508</u>	<u>\$ 27,375</u>	<u>\$ 93,735</u>	<u>\$ 1,293</u>

See accompanying independent auditor's report.

<u>Sheriff Investigations</u>	<u>Tax Increment Financing</u>	<u>Prairie Woodland Conservation Foundation</u>	<u>Guthrie County Historical Village Foundation</u>	<u>Total</u>
\$ 2,361	\$ 30,240	\$ -	\$ -	\$ 150,306
-	-	343,631	88,020	431,651
-	478,000	-	-	478,000
-	-	-	-	14,144
-	16	-	-	78
<u>\$ 2,361</u>	<u>\$ 508,256</u>	<u>\$ 343,631</u>	<u>\$ 88,020</u>	<u>\$ 1,074,179</u>
\$ -	\$ -	\$ -	\$ -	\$ 20,755
-	478,000	-	-	478,000
-	-	-	-	14,144
-	478,000	-	-	512,899
-	-	343,631	88,020	525,386
2,361	30,256	-	-	43,418
-	-	-	-	(7,524)
<u>2,361</u>	<u>30,256</u>	<u>343,631</u>	<u>88,020</u>	<u>561,280</u>
<u>\$ 2,361</u>	<u>\$ 508,256</u>	<u>\$ 343,631</u>	<u>\$ 88,020</u>	<u>\$ 1,074,179</u>

GUTHRIE COUNTY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	Special Revenue			
	County Recorder's Records Management	Drainage Districts	Resource Enhancement and Protection	Attorney Seized Property
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	12,825	-
Charges for service	3,525	-	-	-
Use of money and property	36	-	338	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,561</u>	<u>-</u>	<u>13,163</u>	<u>-</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	34,910	-	-
Government services to residents	6,818	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>6,818</u>	<u>34,910</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3,257)	(34,910)	13,163	-
Other financing sources:				
Drainage district stamped warrants	-	13,795	-	-
Net change in fund balances	(3,257)	(21,115)	13,163	-
Fund balances beginning of year	<u>12,765</u>	<u>13,591</u>	<u>80,572</u>	<u>1,293</u>
Fund balances end of year	<u>\$ 9,508</u>	<u>\$ (7,524)</u>	<u>\$ 93,735</u>	<u>\$ 1,293</u>

See accompanying independent auditor's report.

<u>Sheriff Investigations</u>	<u>Tax Increment Financing</u>	<u>Prairie Woodland Conservation Foundation</u>	<u>Guthrie County Historical Village Foundation</u>	<u>Total</u>
\$ -	\$ 466,807	\$ -	\$ -	\$ 466,807
-	260	-	-	13,085
-	-	-	-	3,525
3	411	16,697	573	18,058
142	-	7,110	57,132	64,384
145	467,478	23,807	57,705	565,859
1,111	-	-	-	1,111
-	-	15,087	5,478	55,475
-	-	-	-	6,818
-	444,997	-	-	444,997
1,111	444,997	15,087	5,478	508,401
(966)	22,481	8,720	52,227	57,458
-	-	-	-	13,795
(966)	22,481	8,720	52,227	71,253
3,327	7,775	334,911	35,793	490,027
\$ 2,361	\$ 30,256	\$ 343,631	\$ 88,020	\$ 561,280

GUTHRIE COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

	County Offices		Agricultural	Drainage
	County	County	Extension	Districts
	Recorder	Sheriff	Education	
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ -	\$ -	\$ 2,889	\$ 3,733
Other County officials	20,899	9,501	-	-
Receivables:				
Property tax:				
Delinquent	-	-	358	-
Succeeding year	-	-	179,000	-
Special assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Drainage assessments	-	-	-	30,166
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 20,899</u>	<u>\$ 9,501</u>	<u>\$ 182,247</u>	<u>\$ 33,899</u>
LIABILITIES				
Accounts payable	\$ 8,190	\$ 4,629	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	12,709	-	182,247	33,899
Trusts payable	-	4,872	-	-
Compensated absences	-	-	-	-
Total liabilities	<u>\$ 20,899</u>	<u>\$ 9,501</u>	<u>\$ 182,247</u>	<u>\$ 33,899</u>

<u>Sanitary Districts</u>	<u>Sanitary Districts - Bonds and Interest</u>	<u>County Assessor</u>	<u>Special Assessments</u>	<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>
\$ 8,161	\$ 9,841	\$ 395,998	\$ 3,598	\$ 148,749	\$ 5,394	\$ 51,799
-	-	-	-	-	-	-
4	-	797	-	17,372	667	11,594
12,000	-	352,000	-	9,210,000	351,000	2,250,000
-	-	-	37,800	-	-	-
-	-	-	143,658	-	-	-
-	-	-	-	-	-	-
722	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	9,332	-	-	-	-
<u>\$ 20,887</u>	<u>\$ 9,841</u>	<u>\$ 758,127</u>	<u>\$ 185,056</u>	<u>\$ 9,376,121</u>	<u>\$ 357,061</u>	<u>\$ 2,313,393</u>
\$ -	\$ -	\$ 8,340	\$ -	\$ -	\$ -	\$ -
-	-	3,241	-	-	-	-
20,887	9,841	742,235	185,056	9,376,121	357,061	2,313,393
-	-	-	-	-	-	-
-	-	4,311	-	-	-	-
<u>\$ 20,887</u>	<u>\$ 9,841</u>	<u>\$ 758,127</u>	<u>\$ 185,056</u>	<u>\$ 9,376,121</u>	<u>\$ 357,061</u>	<u>\$ 2,313,393</u>

GUTHRIE COUNTY

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

	<u>Townships</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Auto License and Use Tax</u>	<u>Anatomical Gift, Public Awareness and Transportation</u>
ASSETS				
Cash and pooled investments:				
County Treasurer	\$ 20,616	\$ 33	\$ 275,233	\$ 20
Other County officials	-	-	-	-
Receivables:				
Property tax:				
Delinquent	302	4	-	-
Succeeding year	2,735,000	2,000	-	-
Special assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Drainage assessments	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 2,755,918</u>	<u>\$ 2,037</u>	<u>\$ 275,233</u>	<u>\$ 20</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	2,755,918	2,037	275,233	20
Trusts payable	-	-	-	-
Compensated absences	-	-	-	-
Total liabilities	<u>\$ 2,755,918</u>	<u>\$ 2,037</u>	<u>\$ 275,233</u>	<u>\$ 20</u>

See accompanying independent auditor's report.

<u>Advance Tax</u>	<u>County Hospital</u>	<u>Emergency Management</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Tax Sale Redemption</u>	<u>Total</u>
\$ 28,740	\$ 22,958	\$ 41,618	\$ 1,226	\$ 734	\$ 1,021,340
-	-	-	-	-	30,400
-	2,841	-	-	-	33,939
-	1,423,000	-	-	-	16,514,000
-	-	-	-	-	37,800
-	-	-	-	-	143,658
-	-	-	-	-	30,166
-	-	77	-	-	799
-	-	-	5	-	5
-	-	1,399	-	-	10,731
<u>\$ 28,740</u>	<u>\$ 1,448,799</u>	<u>\$ 43,094</u>	<u>\$ 1,231</u>	<u>\$ 734</u>	<u>\$ 17,822,838</u>
\$ -	\$ -	\$ 720	\$ -	\$ -	\$ 21,879
-	-	407	-	-	3,648
-	1,448,799	41,967	1,231	-	17,758,654
28,740	-	-	-	734	34,346
-	-	-	-	-	4,311
<u>\$ 28,740</u>	<u>\$ 1,448,799</u>	<u>\$ 43,094</u>	<u>\$ 1,231</u>	<u>\$ 734</u>	<u>\$ 17,822,838</u>

GUTHRIE COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

Year Ended June 30, 2011

	County Offices		Agricultural	Drainage
	County	County	Extension	Districts
	Recorder	Sheriff	Education	
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 19,080	\$ 6,999	\$ 174,787	\$ 3,708
Additions:				
Property and other County tax	-	-	179,404	-
State tax credits	-	-	6,510	-
Office fees and collections	234,096	69,457	-	-
Assessments	-	-	-	30,306
Auto license, use tax, drivers license and postage	-	-	-	-
Trusts	-	132,968	-	-
Miscellaneous	-	-	-	-
Total additions	234,096	202,425	185,914	30,306
Deductions:				
Agency remittances:				
To other funds	117,288	64,163	-	-
To other governments	114,989	5,298	178,454	115
Trusts paid out	-	130,462	-	-
Total deductions	232,277	199,923	178,454	115
Balances end of year	\$ 20,899	\$ 9,501	\$ 182,247	\$ 33,899

<u>Sanitary Districts</u>	<u>Sanitary Districts - Bonds and Interest</u>	<u>County Assessor</u>	<u>Special Assessments</u>	<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>
\$ 20,309	\$ 9,841	\$ 682,634	\$ 140,171	\$ 8,995,215	\$ 326,282	\$ 2,341,208
12,502	-	353,451	-	9,249,439	351,855	2,203,935
184	-	14,518	-	336,481	12,154	106,804
-	-	-	-	-	-	-
29,830	-	-	149,136	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31,368	-	25,033	-	-	-	-
73,884	-	393,002	149,136	9,585,920	364,009	2,310,739
-	-	-	-	-	-	-
73,306	-	317,509	104,251	9,205,014	333,230	2,338,554
-	-	-	-	-	-	-
73,306	-	317,509	104,251	9,205,014	333,230	2,338,554
\$ 20,887	\$ 9,841	\$ 758,127	\$ 185,056	\$ 9,376,121	\$ 357,061	\$ 2,313,393

GUTHRIE COUNTY

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended June 30, 2011

	<u>Townships</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Auto License and Use Tax</u>	<u>Anatomical Gift, Public Awareness and Transportation</u>
ASSETS AND LIABILITIES				
Balances beginning of year	\$ 2,695,170	\$ 2,191	\$ 249,436	\$ 12
Additions:				
Property and other County tax	2,663,443	1,954	-	-
State tax credits	32,669	74	-	-
Office fees and collections	-	-	-	-
Assessments	-	-	-	-
Auto license, use tax, drivers license and postage	-	-	3,249,234	-
Trusts	-	-	-	-
Miscellaneous	-	-	-	170
Total additions	<u>2,696,112</u>	<u>2,028</u>	<u>3,249,234</u>	<u>170</u>
Deductions:				
Agency remittances:				
To other funds	-	-	127,081	-
To other governments	2,635,364	2,182	3,096,356	162
Trusts paid out	-	-	-	-
Total deductions	<u>2,635,364</u>	<u>2,182</u>	<u>3,223,437</u>	<u>162</u>
Balances end of year	\$ <u>2,755,918</u>	\$ <u>2,037</u>	\$ <u>275,233</u>	\$ <u>20</u>

See accompanying independent auditor's report.

<u>Advance Tax</u>	<u>County Hospital</u>	<u>Emergency Management</u>	<u>County Recorder's Electronic Transaction Fee</u>	<u>Tax Sale Redemption</u>	<u>Refunds</u>	<u>Total</u>
\$ 17,051	\$ 1,388,245	\$ 41,764	\$ 917	\$ 207	\$ -	\$ 17,115,227
-	1,426,860	-	-	-	-	16,442,843
-	51,727	-	-	-	-	561,121
-	-	-	10,153	-	-	313,706
-	-	-	-	-	-	209,272
-	-	-	-	-	-	3,249,234
30,312	-	-	-	272,753	-	436,033
-	-	44,839	-	-	2,486	103,896
30,312	1,478,587	44,839	10,153	272,753	2,486	21,316,105
-	-	-	-	-	-	308,532
-	1,418,033	43,509	9,839	-	-	19,876,165
18,623	-	-	-	272,226	2,486	423,797
18,623	1,418,033	43,509	9,839	272,226	2,486	20,608,494
\$ 28,740	\$ 1,448,799	\$ 43,094	\$ 1,231	\$ 734	\$ -	\$ 17,822,838

GUTHRIE COUNTY

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Property and other County tax	\$ 4,637,481	\$ 3,862,388	\$ 3,767,873	\$ 3,828,647
Interest and penalty on property tax	49,783	44,792	40,657	36,273
Intergovernmental	5,696,343	5,650,942	5,001,927	5,395,127
Licenses and permits	40,177	24,088	30,886	42,774
Charges for service	498,294	451,948	418,793	437,255
Use of money and property	113,871	167,834	247,883	423,562
Miscellaneous	653,706	517,411	473,736	563,734
Total	\$ 11,689,655	\$ 10,719,403	\$ 9,981,755	\$ 10,727,372
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,043,756	\$ 1,074,377	\$ 1,061,471	\$ 969,016
Physical health and social services	1,127,994	1,135,273	1,083,768	1,101,428
Mental health	1,136,658	970,036	1,246,897	1,275,031
County environment and education	1,151,976	1,732,462	1,218,400	1,508,011
Roads and transportation	3,765,347	4,161,153	4,782,064	4,024,581
Government services to residents	331,458	384,677	373,087	346,458
Administration	966,037	1,269,162	959,656	915,903
Non-program	14,452	-	77,143	12,300
Debt service	444,997	434,994	361,960	393,805
Capital projects	823,209	547,778	648,233	183,543
Total	\$ 10,805,884	\$ 11,709,912	\$ 11,812,679	\$ 10,730,076

See accompanying independent auditor's report.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	3,802,059	\$ 4,323,869	\$ 3,761,829
	36,024	45,264	48,267
	4,321,738	4,846,202	4,750,377
	34,663	33,363	31,344
	454,336	446,516	422,087
	402,778	257,413	242,701
	519,389	411,562	450,952
\$	<u>9,570,987</u>	<u>\$ 10,364,189</u>	<u>\$ 9,707,557</u>

\$	943,937	\$ 864,607	\$ 805,764
	1,047,736	928,032	962,820
	1,280,659	1,153,323	1,221,325
	1,111,342	932,812	1,058,489
	3,330,808	3,423,614	4,675,573
	388,895	471,004	360,388
	907,689	733,635	742,589
	-	-	940
	365,204	340,512	292,864
	58,503	461,125	586,389
\$	<u>9,434,773</u>	<u>\$ 9,308,664</u>	<u>\$ 10,707,141</u>

GUTHRIE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	FY 11	\$ <u>6,008</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
ARRA - Highway Planning and Construction,			
Recovery Act	20.205	ESL 39(52)7S39	52,265
Highway Planning and Construction	20.205	BROS 39(56)	161,040
Highway Planning and Construction	20.205	BROS 39(55)	365,051
Highway Planning and Construction	20.205	BROS 39(62)	54,335
			<u>632,691</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance State Administered			
Programs	93.566	FY 11	<u>5</u>
Child Care Mandatory and Matching Funds of the			
Child Care and Development Fund	93.596	FY 11	<u>1,479</u>
Foster Care - Title IV - E	93.658	FY 11	<u>2,389</u>
Adoption Assistance	93.659	FY 11	<u>581</u>
Children's Health Insurance Program	93.767	FY 11	<u>28</u>
Medical Assistance Program	93.778	FY 11	<u>5,789</u>
Social Services Block Grant	93.667	FY 11	<u>2,064</u>
Social Services Block Grant	93.667	FY 11	<u>35,624</u>
			<u>37,688</u>
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT39	40,040
Public Health Emergency Preparedness	93.069	5880BT39	4,008
			<u>44,048</u>

GUTHRIE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Iowa Department of Public Health (continued):			
Immunization Cluster of Programs:			
Immunization Grants	93.268	5880I433	\$ 1,286
ARRA - Immunization, Recovery Act	93.712	5880I433	334
			<u>1,620</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	IADR1930	<u>107,375</u>
Total			\$ <u><u>839,701</u></u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Guthrie County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Guthrie County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Guthrie County, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 16, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guthrie County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Guthrie County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Guthrie County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guthrie County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Guthrie County's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Guthrie County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Guthrie County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Guthrie County and other parties to whom Guthrie County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Guthrie County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
March 16, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Guthrie County:

Compliance

We have audited the compliance of Guthrie County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Guthrie County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Guthrie County's management. Our responsibility is to express an opinion on Guthrie County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Guthrie County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Guthrie County's compliance with those requirements.

In our opinion, Guthrie County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Guthrie County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants agreements applicable to federal programs. In planning and performing our audit, we considered Guthrie County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Guthrie County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the County's internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. During our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Guthrie County and other parties to whom Guthrie County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
March 16, 2012

GUTHRIE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 20.205 ARRA – Highway Planning and Construction, Recovery Act
 - CFDA Number 20.205 Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Guthrie County did not qualify as a low-risk auditee.

GUTHRIE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.	Ag Extension, Recorder, Sheriff, Transfer Station/ Landfill, Treasurer
(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.	Ag Extension, Recorder, Sheriff, Treasurer
(3) Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment.	Recorder
(4) The custodian of County investments should be an employee separate from the person responsible for the detailed record-keeping of the investments.	Treasurer

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by the initials or signature of the reviewer and the date of the review.

GUTHRIE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

II-A-11 Segregation of Duties (continued)

Responses –

Ag Extension – We are a small office with limited staff. We will continue to try to segregate duties.

County Recorder – We are a small office with limited staff. We will continue to try to segregate duties.

County Sheriff – The Sheriff has acquired a book to randomly record mail receipts on different days during each month so a check can be made to see that receipts are recorded and accounted for in the Sheriff's cash box.

County Treasurer – We will try to include more people in listing, collecting and depositing, although with people constantly on vacation or sick it is tough. Everyone signs checks in our office so it is difficult to remedy this problem. We will have to look at this and maybe try to make some changes. I will try to designate another person to take turns with part of the investments.

Transfer Station/Landfill – With normally only one office person on duty at a time at the Transfer Station it is not possible to have a check over the incoming funds. We do have the Treasurer's receipts returned to the Director's office for review to determine the accuracy of those receipts. Also, funds that need not be funneled through the Transfer Station (such as the per capita city payments, etc.) do come directly to the Director's office as well. Beyond that it is difficult to do much to oversee the daily receipts.

Conclusion – Responses acknowledged. For those offices with limited staff, other County personnel could be used to provide additional control through review of financial statements. Also, the reviews performed by an independent person should be evidenced by initials or signature of the reviewer and the date of the review.

II-B-11 Financial Reporting – During the audit, we identified material amounts of receivables, payables, prepaid expenses, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, prepaid expenses, and capital asset additions are identified and included in the County's financial statements.

Response – We will review our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

GUTHRIE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

GUTHRIE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted in any County function. However, disbursements in the County care facility department exceeded the amount appropriated.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will amend the appropriations when required in the future and appropriations will be watched more closely by the departments.

Conclusion – Response accepted.

- IV-B-11 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-11 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Brandon Thompson, employee, Co-owner of Thompson and Son Electric	Repairs	\$1,061
Amy Badger, employee Spouse is owner of Badger Sanitation	Garbage pickup, per bid	\$1,160
Cheryl Jensen, employee Spouse is owner of Jensen Sanitation	Conservation garbage/sewer	\$1,225

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions noted above do not appear to represent conflicts of interest since the amount for each individual was less than \$1,500 during the fiscal year.

- IV-E-11 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to insure that the coverage remains adequate for current operations.
- IV-F-11 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

GUTHRIE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting (continued):

- IV-G-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County’s investment policy were noted.
- IV-H-11 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-11 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.
- Disbursements during the year ended June 30, 2011 for the County Extension Office did not exceed the amount budgeted.
- IV-J-11 Financial Condition – The County’s Special Revenue Fund, Drainage Districts had a deficit unassigned fund balance of \$7,524 at June 30, 2011.

Recommendation – The County should explore alternatives to return this fund to a sound financial condition.

Response – This deficit is caused primarily by timing differences between when the drainage improvement work was completed and receipt of the associated assessments. This will be corrected in the next fiscal year.

Conclusion – Response accepted.